



OCEANA GROWS REVENUE 22.6% TO R10 BILLION

- **Lucky Star pricing strategy delivers sales growth, promotes food security.**
- **Record performance for US subsidiary, Daybrook, boosts operating profit.**
- **Earnings up 28.9%, driven by strong demand, hard-currency pricing across diversified product range.**

[Oceana Group](#) increased headline earnings by 28.9% to R980 million in the year to 30 September 2023. This was driven by strong performances from its US fishmeal and fish oil business, which increased operating profit in US dollar terms by 30%, and volume sales of [Lucky Star](#) canned fish which grew 9% to 9.6 million cartons.

The total dividend was increased by 25.7% to 435 cents per share for the year.

Revenue from continuing operations was up by 22.6% to R10 billion. The Group delivered on its volume-growth strategy for Lucky Star, keeping the price affordable and investing in inventory, which resulted in strong sales. The Group's revenue growth was supported by improved pricing across all products, particularly fish oil, and the effect of the weaker rand on export and US-dollar revenue.

Operating profit from continuing operations increased by 19.8% to R1.5 billion, the highest level since 2016.

The Group repaid R767 million term funding in line with its debt reduction plan, resulting in the lowest debt levels since it acquired Daybrook in 2015. The significant improvement in the Group's net debt to EBITDA ratio from 1.7 times to 1.2 times is pleasing, given the current high interest rate environment in both jurisdictions which provides capacity to grow as well as fund future capex said Group CFO, [Zaf Mahomed](#).

The disposal of Commercial Cold Storage in the first half of the year generated profit after tax of R381 million.

Oceana CEO [Neville Brink](#) said the Group's proven diversification strategy across species, geographies, and currencies enabled it to deliver strong growth in an operating environment characterised by high inflation and interest rates, currency volatility, a low-growth domestic economy and increased loadshedding.

"Diversification enabled us to benefit from higher demand and better hard-currency pricing for many of our products. Record global fish oil prices particularly helped Daybrook. By building and holding higher inventory levels we were able to capitalise on the demand. In the domestic market, investing in our volume strategy for Lucky Star by absorbing some inflationary input costs and protecting consumers has paid off, as reflected in our sales growth."

Capital expenditure increased to R458 million as part of the Group's reinvestment strategy. This included R61 million for the construction of a new canned meat facility



in St Helena Bay and R91 million for improving efficiencies at its fishmeal facilities in both SA and the US.

The new canned meat factory opened in October 2023 and will be launched in the new year. Canned meat will enable Lucky Star to leverage its brand strength and established distribution capability into new canned food categories.

As part of the programme to upgrade the hake fleet, R106 million was spent to increase the capacity of the flagship hake trawler. The Group has committed R330 million for a three-year phased investment in the West Coast canned fish and fishmeal operations to improve the processing capacity and efficiencies at the two plants.

On the outlook for the year ahead, Brink said domestic consumers are expected to remain financially constrained.

"In response to this, we will continue to grow Lucky Star sales by ensuring high levels of availability and keeping the product affordable relative to competing protein. While we will remain responsive to the impact of rand weakness on Lucky Star margins, our high exposure to foreign-currency earnings provides a natural hedge against rand volatility."

Daybrook's higher closing inventory position will enable the business to benefit from continued strong global demand and pricing, particularly for fish oil, until the new fishing season starts in April 2024.

The shift in the weather cycle from the La Niña to the El Niño effect is expected to improve fishing conditions and catch rates of South African hake, horse mackerel and squid.

Brink says that he is satisfied with the outcome of the recent fishing right appeals process and believes that the Minister has met her mandate in recognising the need for both transformation and stability within the fishing industry. The certainty provided by the allocation of 15-year fishing rights allows Oceana to invest with confidence in its South African operations.

"An ever-growing human population will increase the need for aquaculture production to ensure food security and fishmeal and fish oil are critical feed ingredients for this sector. Oceana's canned fish business is well positioned to meet the domestic and regional demand for affordable protein, while export demand will continue to buoy margins for wild-caught seafood."

Oceana's board confirmed Brink's tenure as CEO has been extended until 31 December 2026 to provide the continuity required to execute the Group's strategy and continue driving performance.

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